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**UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA**

____ Individually and On
Behalf of All Others Similarly Situated,

Plaintiff,

v.

FREEPORT-MCMORAN INC.,
RICHARD C. ADKERSON, and
KATHLEEN L. QUIRK,

Defendants.

Case No.

CLASS ACTION

**COMPLAINT FOR VIOLATION
OF THE FEDERAL SECURITIES
LAWS**

DEMAND FOR JURY TRIAL

Plaintiff _____ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the defendants’ public documents, conference calls and announcements made by defendants, United States Securities and Exchange

1 Commission (“SEC”) filings, wire and press releases published by and regarding
2 Freeport-McMoran Inc. (“Freeport” or the “Company”), analysts’ reports and
3 advisories about the Company, and information readily obtainable on the Internet.
4

5 **NATURE OF THE ACTION**

6 1. This is a federal securities class action on behalf of a class consisting of
7 all persons other than defendants who purchased or otherwise acquired Freeport
8 securities between February 27, 2015 and January 15, 2016, both dates inclusive (the
9 “Class Period”), seeking to recover damages caused by defendants’ violations of the
10 federal securities laws and to pursue remedies under §§ 10(b) and 20(a) of the
11 Securities Exchange Act of 1934 (the “Exchange Act”) and Rules 10b-5 promulgated
12 thereunder against the Company and certain of its top officials and/or directors.
13
14

15 2. Freeport, a natural resource company, engages in the acquisition of 61
16 2mineral assets, oil, and natural gas resources. The Company primarily explores for
17 copper, gold, molybdenum, cobalt, silver, and other metals, as well as oil and gas.
18 The Company operates through North America Copper Mines; South America
19 Mining; Indonesia Mining; Africa Mining; Molybdenum Mines; United States (U.S.)
20 Oil and Gas Operations; Rod & Refining; and Atlantic Copper Smelting & Refining
21 segments.
22
23
24

25 3. Founded in 1987, the Company was formerly known as Freeport-
26 McMoran Copper & Gold Inc. and changed its name to Freeport-McMoran Inc. in
27
28

1 July 2014. Freeport is headquartered in Phoenix, Arizona. The Company's shares
2 trade on the NYSE under the ticker symbol "FCX."

3 4. Through the Company's PT Freeport Indonesia unit ("Freeport
4 Indonesia"), Freeport is engaged in exploration and development, mining and milling
5 of ore containing copper, gold and silver in the Grasberg minerals district in
6 Indonesia. In 2014, some 93% of the Company's gold production and one-sixth of its
7 copper output came from its operations in the Grasberg district. Freeport's current
8 contract with the Indonesian government concerning the Company's right to operate
9 in the country is due to expire in 2021.
10
11

12 5. Freeport's co-founder and former Chief Executive Officer ("CEO"),
13 James Moffett ("Moffett"), played a key role in developing the Company's
14 Indonesian operations, and often led negotiations for Freeport with Indonesian
15 legislators and officials, rather than leaving it to the head executive of Freeport
16 Indonesia.
17
18

19 6. In January 2015, Moffett, then the Company's Executive Chairman,
20 appointed Maroef Sjamsuddin ("Sjamsuddin"), a retired Air Vice Marshal of the
21 Indonesian Air Force and deputy chief of Indonesia's National Intelligence Agency,
22 to head Freeport Indonesia, despite Sjamsuddin's lack of experience in mining.
23
24

25 7. Throughout the Class Period, defendants made materially false and
26 misleading statements regarding the Company's business, operational and
27 compliance policies. Specifically, defendants made false and/or misleading
28

1 statements and/or failed to disclose that: (i) Sjamsuddin had discussed, with senior
2 officials in the Indonesian government, bribing Indonesian government officials in
3 return for an extension of Freeport's right to operate in the country; (ii) that Freeport
4 had violated the Foreign Corrupt Practices Act ("FCPA"); and (iii) as a result of the
5 foregoing, Freeport's public statements were materially false and misleading at all
6 relevant times.
7

8
9 8. On November 16, 2015, the *Jakarta Globe* reported:

10 Freeport Indonesia has pledged its full cooperation in an impending
11 inquiry by the House of Representatives into allegations that Speaker
12 Setya Novanto may have demanded shares from a highly anticipated
13 divestment by the miner's US parent in exchange for political support in
contract renegotiations.

14 Energy and Mineral Resources Minister Sudirman Said on Monday
15 lodged a complaint against an unnamed legislator, including submitting
16 wiretapped phone conversations purportedly showing the legislator
17 demanding a 20 percent stake in Freeport Indonesia, the country's
single-biggest taxpayer.

18 9. On November 19, 2015, the *Financial Times* reported the news, initially
19 reported by the *Jakarta Globe* as described in ¶ 8, of the Indonesian House of
20 Representatives' probe into Speaker Setya Novanto's ("Novanto") solicitation of
21 bribes from Freeport.
22

23 10. On this news, Freeport stock fell \$0.36, or 4.1%, to close at \$8.41 on
24 November 19, 2015.
25

26 11. On November 25, 2015, the Indonesian magazine *Tempo* published an
27 interview with Novanto concerning the probe into Novanto's dealings with Freeport
28

1 Indonesia. Concerning his meetings with Sjamsuddin, Novanto stated, in part, that he
2 believed Sjamsuddin had attempted to “blackmail” and “entrap” him.

3 [Novanto:] When I met Maroef again, Riza cautioned me to be careful
4 about Maroef. At the next meeting, Riza has a bad feeling about things
5 because Maroef asked me something that was not right. It turned out to
6 be right: He blackmailed me.

7 **[Tempo:] Why did you feel you were being blackmailed? Freeport
8 just wanted its contract extended.**

9 [Novanto:] I was puzzled, too. I had no intention of asking for shares
10 and no intention to use the President’s name. My relationship with the
11 President is good. I have good discussion with the ministers, too. It was
12 a joke but it became serious. Apparently it was to entrap me.

13 12. On this news, Freeport stock fell \$0.20, or 2.4%, to close at \$8.10 on
14 November 25, 2016.

15 13. On November 26, 2015, the blog *Indonesian Development Monitoring*
16 reported that Indonesia’s State-Owned Enterprise Workers Union intended to request
17 that the U.S. Department of Justice (“DOJ”) investigate Freeport for potential
18 violations of the FCPA, “by engaging in what we believe is likely . . . bribery of
19 high-level government official and Chief of House Speaker in Indonesia to renew[]
20 the Freeport mining contract.”
21

22 14. On December 3, 2015, testifying before an Indonesian parliamentary
23 committee regarding Novanto’s solicitation of bribes from Freeport, Sjamsuddin
24 stated that he had turned over his recording of the conversation with Novanto to his
25 superiors at Freeport to “show my integrity and transparency” before the recording
26 was turned over to the Indonesian government.
27
28

1 15. On this news, Freeport stock fell \$0.15, or 1.9%, to close at \$7.68 on
2 December 3, 2015.

3 16. On December 28, 2015, Moffett resigned from his position as Executive
4 Chairman of Freeport.
5

6 17. On this news, Freeport stock fell \$0.72, or 9.5%, to close at \$6.85 on
7 December 28, 2015.

8 18. On January 19, 2016, pre-market, Freeport announced the resignation of
9 Sjamsuddin, citing “personal reasons.”
10

11 19. On this news, Freeport stock fell \$0.39, or 8.97%, to close at \$3.96 on
12 January 19, 2016.
13

14 20. As a result of defendants’ wrongful acts and omissions, and the
15 precipitous decline in the market value of the Company’s securities, Plaintiff and
16 other Class members have suffered significant losses and damages.
17

18 **JURISDICTION AND VENUE**

19 21. The claims asserted herein arise under and pursuant to Sections 10(b)
20 and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b), 78n(a) and 78t(a)) and Rule
21 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5, 17 C.F.R. § 240.14a-9).
22

23 22. This Court has jurisdiction over the subject matter of this action
24 pursuant to § 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.
25

26 23. Venue is proper in this District pursuant to §27 of the Exchange Act, 15
27 U.S.C. §78aa and 28 U.S.C. §1391(b), as Freeport’s securities are traded within this
28

1 District.

2 24. In connection with the acts, conduct and other wrongs alleged in this
3 Complaint, defendants, directly or indirectly, used the means and instrumentalities of
4 interstate commerce, including but not limited to, the United States mail, interstate
5 telephone communications and the facilities of the national securities exchange.
6

7
8 **PARTIES**

9 25. Plaintiff, as set forth in the attached Certification, acquired Freeport
10 securities at artificially inflated prices during the Class Period and was damaged upon
11 the revelation of the alleged corrective disclosures.
12

13 26. Defendant Freeport is a Delaware corporation with its principal
14 executive offices located at 333 North Central Avenue, Phoenix, Arizona 85004.
15 Freeport's common stock trades on the NYSE under the ticker symbol "FCX."
16

17 27. Defendant Richard C. Adkerson ("Adkerson") served at all relevant
18 times as the Company's Vice Chairman, Chief Executive Officer ("CEO") and
19 President.
20

21 28. Defendant Kathleen L. Quirk ("Quirk") served at all relevant times as
22 the Company's Chief Financial Officer, Executive Vice President and Treasurer.
23

24 29. The defendants referenced above in ¶¶ 27-28 are sometimes referred to
25 herein as the "Individual Defendants."
26

27 **SUBSTANTIVE ALLEGATIONS**

28 **Background**

30. Freeport, a natural resource company, engages in the acquisition of

1 mineral assets, oil, and natural gas resources. The Company primarily explores for
2 copper, gold, molybdenum, cobalt, silver, and other metals, as well as oil and gas.
3 The Company operates through North America Copper Mines; South America
4 Mining; Indonesia Mining; Africa Mining; Molybdenum Mines; United States (U.S.)
5 Oil and Gas Operations; Rod & Refining; and Atlantic Copper Smelting & Refining
6 segments.
7

8
9 31. Founded in 1987, the Company was formerly known as Freeport-
10 McMoran Copper & Gold Inc. and changed its name to Freeport-McMoran Inc. in
11 July 2014. Freeport is headquartered in Phoenix, Arizona. The Company's shares
12 trade on the NYSE under the ticker symbol "FCX."
13

14 32. Through the Company's Freeport Indonesia unit, Freeport is engaged in
15 exploration and development, mining and milling of ore containing copper, gold and
16 silver in the Grasberg minerals district in Indonesia. In 2014, some 93% of the
17 Company's gold production and one-sixth of its copper output came from its
18 operations in the Grasberg district. Freeport's current contract with the Indonesian
19 government concerning the Company's right to operate in the country is due to expire
20 in 2021.
21

22
23 33. Freeport's co-founder and former CEO, Moffett, played a key role in
24 developing the Company's Indonesian operations, and often led negotiations for
25 Freeport with Indonesian legislators and officials, rather than leaving it to the head
26 executive of Freeport Indonesia.
27
28

1 34. In January 2015, Moffett, then the Company's Executive Chairman,
2 appointed Sjamsuddin, a retired Air Vice Marshal of the Indonesian Air Force and
3 deputy chief of Indonesia's National Intelligence Agency, to head Freeport Indonesia,
4 despite Sjamsuddin's lack of experience in mining.
5

6 **Materially False and Misleading**
7 **Statements Issued During the Class Period**

8 35. The Class Period begins on February 27, 2015, when Freeport filed an
9 annual report on Form 10-K with the SEC announcing the Company's financial and
10 operating results for the quarter and year ended December 31, 2014 (the "2014 10-
11 K"). For the quarter, Freeport reported a net loss of \$2.85 billion, or \$2.75 per
12 diluted share, on revenue of \$5.24 billion, compared to net income of \$707 million,
13 or \$0.68 per diluted share, on revenue of \$5.89 billion for the same period in the prior
14 year. For 2014, Freeport reported a net loss of \$1.31 billion, or \$1.26 per diluted
15 share, on revenue of \$21.44 billion, compared to net income of \$2.66 billion, or \$2.64
16 per diluted share, on revenue of \$20.92 billion for 2013.
17
18
19

20 36. In the 2014 10-K, Freeport stated, in part:

21 **Indonesia**

22 ...

23
24 Contracts of Work. PT-FI conducts its current exploration and mining
25 operations in Indonesia through a COW with the Indonesian
26 government. The COW governs our rights and obligations relating to
27 taxes, exchange controls, royalties, repatriation and other matters, and
28 was concluded pursuant to the 1967 Foreign Capital Investment Law,
which expresses Indonesia's foreign investment policy and provides
basic guarantees of remittance rights and protection against

1 nationalization, a framework for economic incentives and basic rules
2 regarding other rights and obligations of foreign investors. Specifically,
3 the COW provides that the Indonesian government will not nationalize
4 or expropriate PT-FI's mining operations. Any disputes regarding the
5 provisions of the COW are subject to international arbitration; however,
6 we have not had an arbitration during the more than 40 years we have
7 operated in Indonesia.

8 PT-FI's original COW was entered into in 1967 and was replaced by the
9 current COW in 1991. The initial term of the current COW expires in
10 2021, but can be extended for two 10-year periods subject to Indonesian
11 government approval, which pursuant to the COW cannot be withheld or
12 delayed unreasonably. The COW allows us to conduct exploration,
13 mining and production activities in the 24,700-acre Block A area, which
14 is where all of PT-FI's proven and probable mineral reserves and all its
15 current mining operations are located. Under the COW, PT-FI also
16 conducts exploration activities in the Block B area currently covering
17 502,000 acres. Ongoing negotiations for an amended COW, discussed
18 below and in Note 13, may result in relinquishments of the Block B
19 acreage.

20 ...

21 **International Risks**

22 *Our international operations are subject to political, social and*
23 *geographic risks of doing business in countries outside the U.S.*

24 ...

25 Our international operations must comply with the U.S. Foreign Corrupt
26 Practices Act and similar anti-corruption and anti-bribery laws of the
27 other jurisdictions in which we operate. There has been a substantial
28 increase in the global enforcement of these laws. Any violation of these
laws could result in significant criminal or civil fines and penalties,
litigation, and loss of operating licenses or permits, and may damage our
reputation, which could have a material adverse effect on our business,
results of operations and financial condition.

...

1 *Because our Grasberg minerals district is our most significant*
2 *operating asset, our business may continue to be adversely affected by*
3 *political, economic and social uncertainties and security risks in*
4 *Indonesia.*

5 Our mining operations in Indonesia are conducted by our subsidiary PT
6 Freeport Indonesia (PT-FI) pursuant to a Contract of Work (COW) with
7 the Indonesian government. Maintaining a good working relationship
8 with the Indonesian government is important to us because of the
9 significance of our Indonesia operations to our business, and because our
10 mining operations there are among Indonesia's most significant business
11 enterprises. Partially because of their significance to Indonesia's
12 economy, the environmentally sensitive area in which they are located,
13 and the number of people employed, our Indonesia operations have been
14 the subject of political debates and of criticism in the Indonesian press,
15 and have been the target of protests and occasional violence.

16 37. The 2014 10-K contained signed certifications pursuant to the Sarbanes-
17 Oxley Act of 2002 ("SOX") by the Individual Defendants, stating that the financial
18 information contained in the 2014 10-K was accurate and disclosed any material
19 changes to the Company's internal control over financial reporting.

20 38. On May 8, 2015, Freeport filed a quarterly report on Form 10-Q with
21 the SEC announcing the Company's financial and operating results for the quarter
22 ended March 31, 2015 (the "Q1 2015 10-Q"). For the quarter, Freeport reported a net
23 loss of \$2.47 billion, or \$2.38 per diluted share, on revenue of \$4.15 billion,
24 compared to net income of \$510 million, or \$0.49 per diluted share, on revenue of
25 \$4.99 billion for the same period in the prior year.

26 39. In the Q1 2015 10-Q, Freeport stated, in part:

27 **Indonesia Mining**

28 Indonesia mining includes PT-FI's Grasberg minerals district, one of the

1 world's largest copper and gold deposits, in Papua, Indonesia. . . .

2 Regulatory Matters. PT-FI is engaged in active discussions with the
3 Indonesian government regarding its Contract of Work (COW) and long-
4 term operating rights. The parties entered into a Memorandum of
5 Understanding (MOU) related to an amended COW in July 2014, which
6 was extended to July 25, 2015. Negotiations are taking into
7 consideration PT-FI's requirement for assurance of legal and fiscal terms
post-2021 for PT-FI to continue with its large-scale investment program
in Papua, Indonesia.

8 40. The Q1 2015 10-Q contained signed certifications pursuant to SOX by
9 the Individual Defendants, stating that the financial information contained in the Q1
10 2015 10-Q was accurate and disclosed any material changes to the Company's
11 internal control over financial reporting.
12

13 41. On August 10, 2015, Freeport filed a quarterly report on Form 10-Q
14 with the SEC announcing the Company's financial and operating results for the
15 quarter ended June 30, 2015 (the "Q2 2015 10-Q"). For the quarter, Freeport
16 reported a net loss of \$1.85 billion, or \$1.78 per diluted share, on revenue of \$4.25
17 billion, compared to net income of \$482 million, or \$0.46 per diluted share, on
18 revenue of \$5.52 billion for the same period in the prior year.
19
20

21 42. In the Q2 2015 10-Q, Freeport stated, in part:
22

23 **Indonesia Mining**

24 Indonesia mining includes PT-FI's Grasberg minerals district, one of the
25 world's largest copper and gold deposits, in Papua, Indonesia. . . .

26 Regulatory Matters.

27 . . .
28 PT-FI continues to engage in active discussions with the Indonesian
government regarding its COW and long-term operating rights.

1 Negotiations are taking into consideration PT-FI's requirement for
2 assurance of legal and fiscal terms post-2021 for PT-FI to continue with
its large-scale investment program in Papua, Indonesia.

3 43. The Q2 2015 10-Q contained signed certifications pursuant to SOX by
4 the Individual Defendants, stating that the financial information contained in the Q2
5 2015 10-Q was accurate and disclosed any material changes to the Company's
6 internal control over financial reporting.
7

8 44. On November 6, 2015, Freeport filed a quarterly report on Form 10-Q
9 with the SEC announcing the Company's financial and operating results for the
10 quarter ended September 30, 2015 (the "Q3 2015 10-Q"). For the quarter, Freeport
11 reported a net loss of \$3.83 billion, or \$3.58 per diluted share, on revenue of \$3.68
12 billion, compared to net income of \$552 million, or \$0.53 per diluted share, on
13 revenue of \$5.70 billion for the same period in the prior year.
14
15

16 45. In the Q3 2015 10-Q, Freeport stated, in part:
17

18 **Indonesia Mining**

19 Indonesia mining includes PT-FI's Grasberg minerals district, one of the
20 world's largest copper and gold deposits, in Papua, Indonesia. . . .

21 Regulatory Matters.

22 . . .

23 PT-FI has advanced discussions with the Indonesian government
24 regarding its COW and long-term operating rights. The Indonesian
25 government is currently developing economic stimulus measures, which
26 include revisions to mining regulations, to promote economic and
27 employment growth. In consideration of PT-FI's major investments, and
28 prior and ongoing commitments to increase benefits to Indonesia,
including previously agreed higher royalties, domestic processing,
divestment and local content, the Indonesian government provided a
letter of assurance to PT-FI in October 2015 indicating that it will

1 approve the extension of PT-FI's operations beyond 2021, and provide
2 the same rights and the same level of legal and fiscal certainty provided
under its current COW.

3 46. The Q3 2015 10-Q contained signed certifications pursuant to SOX by
4 the Individual Defendants, stating that the financial information contained in the Q3
5 2015 10-Q was accurate and disclosed any material changes to the Company's
6 internal control over financial reporting.
7

8 47. The statements referenced in ¶¶ 35-46 were materially false and
9 misleading because defendants made false and/or misleading statements, as well as
10 failed to disclose material adverse facts about the Company's business, operational
11 and compliance policies. Specifically, defendants made false and/or misleading
12 statements and/or failed to disclose that: (i) Sjamsuddin had discussed, with senior
13 officials in the Indonesian government, bribing Indonesian government officials in
14 return for an extension of Freeport's right to operate in the country; (ii) Freeport had
15 violated the FCPA; and (iii) as a result of the foregoing, Freeport's public statements
16 were materially false and misleading at all relevant times.
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19
20

21 **THE TRUTH BEGINS TO EMERGE**

22 48. On November 16, 2015, the *Jakarta Globe* reported:

23 Freeport Indonesia has pledged its full cooperation in an impending
24 inquiry by the House of Representatives into allegations that Speaker
25 Setya Novanto may have demanded shares from a highly anticipated
26 divestment by the miner's US parent in exchange for political support
in contract renegotiations.

27 Energy and Mineral Resources Minister Sudirman Said on Monday
28 lodged a complaint against an unnamed legislator, including

1 submitting wiretapped phone conversations purportedly showing the
2 legislator demanding a 20 percent stake in Freeport Indonesia, the
country's single-biggest taxpayer.

3 49. November 19, 2015, the *Financial Times* reported the news, initially
4 reported by the *Jakarta Globe* as described in ¶¶ 8 and 48, of the Indonesian House
5 of Representatives' probe into Speaker Novanto's solicitation of bribes from
6 Freeport.
7

8 50. On this news, Freeport stock fell \$0.36, or 4.1%, to close at \$8.41 on
9 November 19, 2015.
10

11 51. On November 25, 2015, the Indonesian magazine *Tempo* published an
12 interview with Novanto concerning the probe into Novanto's dealings with Freeport
13 Indonesia. Concerning his meetings with Sjamsuddin, Novanto stated, in part:
14

15 [Novanto:] When I met Maroef again, Riza cautioned me to be
16 careful about Maroef. At the next meeting, Riza has a bad feeling
17 about things because Maroef asked me something that was not right.
18 It turned out to be right: He blackmailed me.

19 **[Tempo:] Why did you feel you were being blackmailed?**
20 **Freeport just wanted its contract extended.**

21 [Novanto:] I was puzzled, too. I had no intention of asking for
22 shares and no intention to use the President's name. My relationship
23 with the President is good. I have good discussion with the ministers,
24 too. It was a joke but it became serious. Apparently it was to entrap
25 me.
26
27
28

1 52. On this news, Freeport stock fell \$0.20, or 2.4%, to close at \$8.10 on
2 November 25, 2016.

3 53. On November 26, 2015, the blog *Indonesian Development Monitoring*
4 reported that Indonesia's State-Owned Enterprise Workers Union intended to request
5 that the DOJ investigate Freeport for potential violations of the FCPA, "by engaging
6 in what we believe is likely . . . bribery of high-level government official and Chief
7 of House Speaker in Indonesia to renew[] the Freeport mining contract."
8

9
10 54. On December 3, 2015, testifying before an Indonesian parliamentary
11 committee regarding Novanto's solicitation of bribes from Freeport, Sjamsuddin
12 stated that he had turned over his recording of the conversation with Novanto to his
13 superiors at Freeport to "show my integrity and transparency" before the recording
14 was turned over to the Indonesian government.
15

16
17 55. On this news, Freeport stock fell \$0.15, or 1.9%, to close at \$7.68 on
18 December 3, 2015.

19 56. On December 28, 2015, Moffett resigned from his position as Executive
20 Chairman of Freeport.
21

22 57. On this news, Freeport stock fell \$0.72, or 9.5%, to close at \$6.85 on
23 December 28, 2015.
24

25 58. On January 19, 2016, pre-market, Freeport announced the resignation of
26 Sjamsuddin, citing "personal reasons."
27
28

1 59. On this news, Freeport stock fell \$0.39, or 8.97%, to close at \$3.96 on
2 January 19, 2016.

3 60. As a result of defendants' wrongful acts and omissions, and the
4 precipitous decline in the market value of the Company's securities, Plaintiff and
5 other Class members have suffered significant losses and damages.
6

7 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

8
9 61. Plaintiff brings this action as a class action pursuant to Federal Rule of
10 Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who
11 purchased or otherwise acquired Freeport securities during the Class Period (the
12 "Class"); and were damaged upon the revelation of the corrective disclosures.
13 Excluded from the Class are defendants herein, the officers and directors of the
14 Company, at all relevant times, members of their immediate families and their legal
15 representatives, heirs, successors or assigns and any entity in which defendants have
16 or had a controlling interest.
17
18

19 62. The members of the Class are so numerous that joinder of all members
20 is impracticable. Throughout the Class Period, Freeport securities were actively
21 traded on the NYSE. While the exact number of Class members is unknown to
22 Plaintiff at this time and can be ascertained only through appropriate discovery,
23 Plaintiff believes that there are hundreds or thousands of members in the proposed
24 Class. Record owners and other members of the Class may be identified from
25 records maintained by Freeport or its transfer agent and may be notified of the
26
27
28

1 pendency of this action by mail, using the form of notice similar to that customarily
2 used in securities class actions.

3 63. Plaintiff's claims are typical of the claims of the members of the Class
4 as all members of the Class are similarly affected by defendants' wrongful conduct in
5 violation of federal law that is complained of herein.
6

7 64. Plaintiff will fairly and adequately protect the interests of the members
8 of the Class and has retained counsel competent and experienced in class and
9 securities litigation. Plaintiff has no interests antagonistic to or in conflict with those
10 of the Class.
11

12 65. Common questions of law and fact exist as to all members of the Class
13 and predominate over any questions solely affecting individual members of the Class.
14 Among the questions of law and fact common to the Class are:
15

- 16 • whether the federal securities laws were violated by defendants' acts
17 as alleged herein;
- 18 • whether statements made by defendants to the investing public
19 during the Class Period misrepresented material facts about the
20 business, operations and management of Freeport;
- 21 • whether the Individual Defendants caused Freeport to issue false and
22 misleading financial statements during the Class Period;
- 23 • whether defendants acted knowingly or recklessly in issuing false
24 and misleading financial statements;
- 25 • whether the prices of Freeport securities during the Class Period
26 were artificially inflated because of the defendants' conduct
27 complained of herein; and
- 28 • whether the members of the Class have sustained damages and, if so,
what is the proper measure of damages.

1 66. A class action is superior to all other available methods for the fair and
2 efficient adjudication of this controversy since joinder of all members is
3 impracticable. Furthermore, as the damages suffered by individual Class members
4 may be relatively small, the expense and burden of individual litigation make it
5 impossible for members of the Class to individually redress the wrongs done to them.
6 There will be no difficulty in the management of this action as a class action.
7

8 67. Plaintiff will rely, in part, upon the presumption of reliance established
9 by the fraud-on-the-market doctrine in that:
10

- 11 • defendants made public misrepresentations or failed to disclose
12 material facts during the Class Period;
- 13 • the omissions and misrepresentations were material;
- 14 • Freeport securities are traded in an efficient market;
- 15 • the Company's shares were liquid and traded with moderate to heavy
16 volume during the Class Period;
- 17 • the Company traded on the NYSE and was covered by multiple
18 analysts;
- 19 • the misrepresentations and omissions alleged would tend to induce a
20 reasonable investor to misjudge the value of the Company's
21 securities; and
- 22 • Plaintiff and members of the Class purchased, acquired and/or sold
23 Freeport securities between the time the defendants failed to disclose
24 or misrepresented material facts and the time the true facts were
25 disclosed, without knowledge of the omitted or misrepresented facts.

26 68. Based upon the foregoing, Plaintiff and the members of the Class are
27 entitled to a presumption of reliance upon the integrity of the market.

28 69. Alternatively, Plaintiffs and the members of the Class are entitled to the

1 presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens*
2 *of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as
3 Defendants omitted material information in their Class Period statements in violation
4 of a duty to disclose such information, as detailed above.
5

6 **COUNT I**

7 **(Against All Defendants For Violations of**
8 **Section 10(b) and Rule 10b-5 Promulgated Thereunder)**

9 70. Plaintiff repeats and realleges each and every allegation contained
10 above as if fully set forth herein.
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12 71. This Count is asserted against defendants and is based upon Section
13 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated
14 thereunder by the SEC.
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16 72. During the Class Period, defendants engaged in a plan, scheme,
17 conspiracy and course of conduct, pursuant to which they knowingly or recklessly
18 engaged in acts, transactions, practices and courses of business which operated as a
19 fraud and deceit upon Plaintiff and the other members of the Class; made various
20 untrue statements of material facts and omitted to state material facts necessary in
21 order to make the statements made, in light of the circumstances under which they
22 were made, not misleading; and employed devices, schemes and artifices to defraud
23 in connection with the purchase and sale of securities. Such scheme was intended to,
24 and, throughout the Class Period, did: (i) deceive the investing public, including
25 Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and
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1 maintain the market price of Freeport securities; and (iii) cause Plaintiff and other
2 members of the Class to purchase or otherwise acquire Freeport securities and
3 options at artificially inflated prices. In furtherance of this unlawful scheme, plan
4 and course of conduct, defendants, and each of them, took the actions set forth herein.
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6 73. Pursuant to the above plan, scheme, conspiracy and course of conduct,
7 each of the defendants participated directly or indirectly in the preparation and/or
8 issuance of the quarterly and annual reports, SEC filings, press releases and other
9 statements and documents described above, including statements made to securities
10 analysts and the media that were designed to influence the market for Freeport
11 securities. Such reports, filings, releases and statements were materially false and
12 misleading in that they failed to disclose material adverse information and
13 misrepresented the truth about Freeport's finances and business prospects.
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16 74. By virtue of their positions at Freeport, defendants had actual
17 knowledge of the materially false and misleading statements and material omissions
18 alleged herein and intended thereby to deceive Plaintiff and the other members of the
19 Class, or, in the alternative, defendants acted with reckless disregard for the truth in
20 that they failed or refused to ascertain and disclose such facts as would reveal the
21 materially false and misleading nature of the statements made, although such facts
22 were readily available to defendants. Said acts and omissions of defendants were
23 committed willfully or with reckless disregard for the truth. In addition, each
24 defendant knew or recklessly disregarded that material facts were being
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1 misrepresented or omitted as described above.

2 75. Information showing that defendants acted knowingly or with reckless
3 disregard for the truth is peculiarly within defendants' knowledge and control. As the
4 senior managers and/or directors of Freeport, the Individual Defendants had
5 knowledge of the details of Freeport's internal affairs.
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7 76. The Individual Defendants are liable both directly and indirectly for the
8 wrongs complained of herein. Because of their positions of control and authority, the
9 Individual Defendants were able to and did, directly or indirectly, control the content
10 of the statements of Freeport. As officers and/or directors of a publicly-held
11 company, the Individual Defendants had a duty to disseminate timely, accurate, and
12 truthful information with respect to Freeport's businesses, operations, future financial
13 condition and future prospects. As a result of the dissemination of the
14 aforementioned false and misleading reports, releases and public statements, the
15 market price of Freeport securities was artificially inflated throughout the Class
16 Period. In ignorance of the adverse facts concerning Freeport's business and
17 financial condition which were concealed by defendants, Plaintiff and the other
18 members of the Class purchased or otherwise acquired Freeport securities at
19 artificially inflated prices and relied upon the price of the securities, the integrity of
20 the market for the securities and/or upon statements disseminated by defendants, and
21 were damaged thereby.
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27 77. During the Class Period, Freeport securities were traded on an active
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1 and efficient market. Plaintiff and the other members of the Class, relying on the
2 materially false and misleading statements described herein, which the defendants
3 made, issued or caused to be disseminated, or relying upon the integrity of the
4 market, purchased or otherwise acquired shares of Freeport securities at prices
5 artificially inflated by defendants' wrongful conduct. Had Plaintiff and the other
6 members of the Class known the truth, they would not have purchased or otherwise
7 acquired said securities, or would not have purchased or otherwise acquired them at
8 the inflated prices that were paid. At the time of the purchases and/or acquisitions by
9 Plaintiff and the Class, the true value of Freeport securities was substantially lower
10 than the prices paid by Plaintiff and the other members of the Class. The market
11 price of Freeport securities declined sharply upon public disclosure of the facts
12 alleged herein to the injury of Plaintiff and Class members.
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17 78. By reason of the conduct alleged herein, defendants knowingly or
18 recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and
19 Rule 10b-5 promulgated thereunder.
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21 79. As a direct and proximate result of defendants' wrongful conduct,
22 Plaintiff and the other members of the Class suffered damages in connection with
23 their respective purchases, acquisitions and sales of the Company's securities during
24 the Class Period, upon the disclosure that the Company had been disseminating
25 misrepresented financial statements to the investing public.
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COUNT II

**(Violations of Section 20(a) of the
Exchange Act Against The Individual Defendants)**

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4 80. Plaintiff repeats and realleges each and every allegation contained in the
5 foregoing paragraphs as if fully set forth herein.

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7 81. During the Class Period, the Individual Defendants participated in the
8 operation and management of Freeport, and conducted and participated, directly and
9 indirectly, in the conduct of Freeport's business affairs. Because of their senior
10 positions, they knew the adverse non-public information about Freeport's
11 misstatement of income and expenses and false financial statements.

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13 82. As officers and/or directors of a publicly owned company, the
14 Individual Defendants had a duty to disseminate accurate and truthful information
15 with respect to Freeport's financial condition and results of operations, and to correct
16 promptly any public statements issued by Freeport which had become materially
17 false or misleading.

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20 83. Because of their positions of control and authority as senior officers, the
21 Individual Defendants were able to, and did, control the contents of the various
22 reports, press releases and public filings which Freeport disseminated in the
23 marketplace during the Class Period concerning Freeport's results of operations.
24 Throughout the Class Period, the Individual Defendants exercised their power and
25 authority to cause Freeport to engage in the wrongful acts complained of herein. The
26 Individual Defendants therefore, were "controlling persons" of Freeport within the
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1 meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in
2 the unlawful conduct alleged which artificially inflated the market price of Freeport
3 securities.

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5 84. Each of the Individual Defendants, therefore, acted as a controlling
6 person of Freeport. By reason of their senior management positions and/or being
7 directors of Freeport, each of the Individual Defendants had the power to direct the
8 actions of, and exercised the same to cause, Freeport to engage in the unlawful acts
9 and conduct complained of herein. Each of the Individual Defendants exercised
10 control over the general operations of Freeport and possessed the power to control the
11 specific activities which comprise the primary violations about which Plaintiff and
12 the other members of the Class complain.
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15 85. By reason of the above conduct, the Individual Defendants are liable
16 pursuant to Section 20(a) of the Exchange Act for the violations committed by
17 Freeport.
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20 **PRAYER FOR RELIEF**

21 **WHEREFORE**, Plaintiff demands judgment against defendants as follows:

22 A. Determining that the instant action may be maintained as a class action
23 under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the
24 Class representative;
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26 B. Requiring defendants to pay damages sustained by Plaintiff and the
27 Class by reason of the acts and transactions alleged herein;
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1 C. Awarding Plaintiff and the other members of the Class prejudgment and
2 post-judgment interest, as well as their reasonable attorneys' fees, expert fees and
3 other costs; and

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5 D. Awarding such other and further relief as this Court may deem just and
6 proper.

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8 **DEMAND FOR TRIAL BY JURY**

9 Plaintiff hereby demands a trial by jury.

10 Dated: January 26, 2016

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